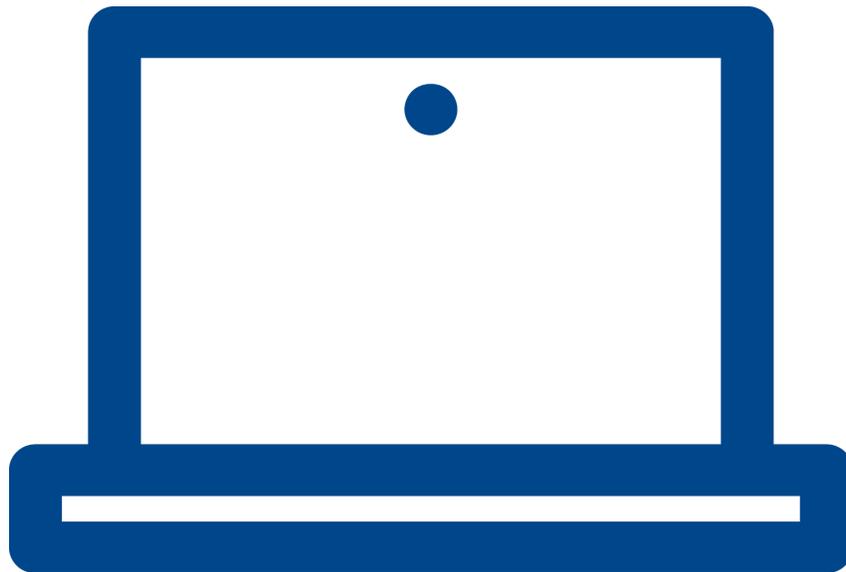


# Carrying the cost

The experience of Citizens Advice clients in a Universal Credit 'Test and Learn' early rollout area



**citizens  
advice**

**Craven &  
Harrogate  
Districts**

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## Summary

Citizens Advice Craven and Harrogate Districts (CACHD), advised 5160 clients between April 2016 and March 2017 each with an average of just over 2 enquiries. About 35% of the enquiries were benefits issues. We understand the need to simplify the benefits system and support the concept of Universal Credit (UC) but are concerned that people in our area are being seriously disadvantaged because they are in one of the first areas to rollout 'full service' UC. Although some problems are to be expected when a new benefit of this scale first rolls out, it is vital, while such problems are being fixed, that action is taken to mitigate the consequences on those adversely affected.

The Citizens Advice national report, *'Delivering on UC'* was based on a survey of a representative sample of Citizens Advice clients in England and Wales claiming UC in 'full service' areas. It demonstrated that many Citizens Advice clients are experiencing difficulties with UC. A follow up report *'Universal Credit and Debt'* demonstrates further the impact of some of these problems.

This report by CACHD supports the recommendations from these two reports, and looks in greater detail at the experiences of CACHD clients living in an area where 'full service' UC has already been rolled out. The report analyses in depth the mechanisms and impact of particular problems faced by clients in an early rollout area of UC, many of which arise because of the way that UC is currently structured and administered. To examine these systemic problems, we analysed the stories and comments of 80 clients living in our area claiming UC (those we had surveyed as part of the national research) and held further in depth interviews with a number of indicative cases.

The report makes recommendations on actions needed to resolve or mitigate these problems.

### **Impact on those living in our area**

In the area covered by CACHD almost 30% of those likely to be receiving UC by 2022 are now on it. This proportion is likely to grow quickly. In most of the country UC is still only open to claims from single unemployed people. In these areas, a far smaller proportion are receiving it and they are likely to have simpler claims and be less likely to face problems. When UC was announced, ministers frequently promised that there would be 'no cash losers'. They promised 'transitional protection' to ensure that no-one would see a decrease in their benefit as a result

of being moved to UC, but this does not apply if before such a move happens the claimant has to make a claim for UC because of a change in their circumstances. We are seeing clients, who are 'cash losers' simply because they live in this area and have had a change in circumstance, or because they have moved here. In an early roll-out area like ours the period before DWP starts moving people to UC ('managed migration') will be longer than in many other areas and so more are losing out. We are particularly concerned about disabled people who receive the Severe Disability Premium (SDP) in their income based Employment and Support Allowance (ESA) but find themselves having to claim UC (sometimes as a result of incorrect information given them by the statutory agencies) and are as a result losing thousands of pounds.

## **Key problems**

As well as the key issue of the standard six week wait for the first payment of UC, our analysis highlights a number of other problems for claimants in our area during this early phase of the rollout:

**Information from officials can be inaccurate or inadvertently misleading** – Our experience is that at this early stage of UC many officials of statutory agencies have a limited knowledge and understanding of the benefit. As an early rollout area we are seeing people who are losing hundreds, or in some cases thousands, of pounds because they have been given incorrect or misleading information. Where incorrect information is given by an official body, redress should be made much easier than it is at present.

### **The claimant is carrying the cost of administrative and structural problems-**

When claimants are incorrectly signposted to UC, or to make a claim too early or too late, or payments are delayed, it is the claimant who usually carries the loss. Backdating and ex gratia (compensation) payments rarely happen. Claimants also often faced long, expensive waits<sup>1</sup> on the helpline to resolve problems. As well as financial cost, there is also a cost to the health and well being of many claimants and their families. The costs of learning should not be passed on to claimants.

**Claimants cannot reliably know whether or when to claim** - A key aim of UC was to create a simple, easy to use system. Being in a UC 'full service' area is proving far from simple for claimants and for organisations who represent and advise claimants. Whatever the multi-benefit complexity of the legacy system, a key feature was that if someone was identified as being eligible for a benefit then it was normally to their advantage to claim it as soon as possible. But that is not true for

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<sup>1</sup> We are delighted that it was announced on 18 October 2017 that the helpline will be free in future

UC in this transitional period. Some people will lose thousands of pounds over the years if they are signposted to claim UC when they don't need to claim it. Others do need to make a claim for UC but if they are still owed money by their previous employer, they may need to delay their claim to avoid losing hundreds of pounds.

**For some claimant groups maintaining a claim is over-complex** - paradoxically, the simple structure of UC creates a much greater level of complexity for some claimants than there has previously been in the benefits system. This is particularly true of the way final wages are treated; the way those with 4 weekly or fortnightly wage payments have to budget; the rules on self employment, and the requirements for reporting childcare costs. To simplify the **whole system**, the complexity of what the claimant needs to do to claim and maintain their benefit needs to be taken into account. Processes for those with self-employed earnings and/or childcare costs are unreasonably complex and onerous.

**Work incentives for disabled people are undermined** - The other key aim of UC is to increase work incentives but it fails to do so for some disabled people. For instance, once managed migration happens, disabled people receiving the SDP will receive the same level of benefit on UC, and there will be protection even if they try working. For the entire period until managed migration, however, disabled people receiving the SDP who try work risk an ongoing loss of about £2000 a year. This unintended consequence strongly undermines work incentives for disabled people and the aims of UC.

## Conclusions

We support the "test and learn" approach but it does mean that there will be problems that need understanding and fixing. The learning costs should be borne by DWP, not by claimants. The financial - and non-financial - costs to claimants are clear. With risk of losing 'transitional protection' of current benefit levels, of losing the first payment of UC due to misleading information, of debt caused by delays due to admin problems, of court costs due to possession hearings when housing costs fail to be paid; these costs are too high. Equally worrying are the additional costs in time, stress, health and wellbeing.

In addition to the impact on claimants, there is a major impact for our organisation. Our team agrees that since the move to 'full service' it has never before faced as difficult a challenge. For example, the complexity of identifying if someone should claim UC and, if so, when, makes initial advice both more complex and more time

consuming than for previous legacy benefits. Liaising with DWP and the Jobcentre on issues once UC is in payment is also much more time consuming than with any other benefit.

## Recommendations

### Putting right problems caused by incorrect or inadvertently misleading official information

- 1. Awarding transitional protection.** If someone is given incorrect information by a statutory organisation or a recognized voluntary organisation and as a result loses money because they claim UC, then the person or household should receive transitional protection (or be allowed to return to legacy benefits).
- 2. Explaining the complaints procedure.** When a claimant points out to a Jobcentre Plus or DWP official that they have lost money as a result of incorrect information given, then that official should be obliged to explain the complaints procedure.
- 3. UC training.** Before UC rollout happens in any area all Jobcentre Plus officials who have any dealings with claimants in that locality should be trained in the implications of being in a 'full service' UC area.
- 4. New style ESA and JSA** Information on how to claim contribution based benefits needs to be much clearer. The recorded script at the beginning of the phone call should explain contribution based benefits and all UC claims should involve an automatic check to see for entitlement.

### Avoiding financial shock

- 5. Payments of UC** should be fortnightly in advance if requested.
- 6. Advance payments or overpayments should not be recovered** until full UC payments are in place

### Simplifying processes for claimants with childcare costs and those who are self employed

- 7. Review of the claimant journeys.** There needs to be an urgent review of the claimant journeys for those who have childcare costs or who are self-employed and a process put in place that is 'fit for purpose'. Immediate action should be taken to allow greater flexibility on reporting deadlines and to enable reporting through a multichannel approach - for example by uploading a picture of receipts.

## **Protecting those on the SDP who are losing transitional protection because they live in an early rollout area**

- 8. Transitional protection for those receiving the Severe Disability Premium (SDP)** in the legacy system. This group should receive transitional protection if they still fulfil the requirements of the SDP when claiming UC, even if naturally migrating.
- 9. A self care element.** In the longer term the DWP should reconsider the option of a self care element for those who would qualify for someone to be paid carer's allowance to assist them but don't have a carer so are facing extra costs.

## **Making contact easier**

- 10. Free helpline for claimants.** We are pleased it has been announced that it will become free to ring the helpline.
- 11. A working escalation line** should be established for accredited voluntary organisations.

## **Fairer treatment of claimants moving from ESA to UC**

- 12. Those who are found 'fit for work'** but are intending to appeal that decision should not be advised by Jobcentre Plus to claim UC without a basic check of their circumstances and being offered a better-off calculation.
- 13. Those in the WRAG or support group of ESA** who make a claim for UC should not be sent a form to reassess them unless a reassessment is due. The relevant element of UC should be paid automatically with the first UC payment.

## **Fairer treatment of earnings and legacy benefits**

- 14. Treatment of final earnings.** For new claims - any money paid by an employer after the person ceases to be employed should be treated as having been paid on the last day of employment.
- 15. Legacy benefits** should be paid on a pro-rata basis up to the date of the claim and be deemed to have been paid the day before the claim.
- 16. Treatment of wages not paid on usual payday.** Any wages paid by an employer earlier or later than the 'usual payday' (eg paid early for Christmas) should be automatically treated as having been paid on the 'usual payday' – it should not be necessary for the employer to understand this and deem the payment to have been made on the usual day.

## Introduction

Universal Credit (UC) is a new benefit that replaces six existing mean tested benefits.<sup>2</sup> These benefits that are being replaced are known as the 'legacy benefits'. UC is being rolled out gradually across the country to allow the Department for Work and Pensions (DWP) to test the IT and support systems. It was first rolled out for those who are newly unemployed and would otherwise have been making a claim for JSA. This version of UC is now known as the 'live service'. This part of the rollout is now complete.

In 2016 the rollout of 'full service' UC started. In 'full service' areas anyone who would previously have needed to make a new claim for any of the legacy benefits has to make a claim for UC instead, and at that point any other legacy benefits still in payment stop and can't be reclaimed. This uses a different IT system to the live service and claimants are expected to manage their ongoing claim online.

In the first stage of the rollout in early summer 2016 ten jobcentres of the 714 Jobcentres in England and Wales became 'full service' areas. Harrogate Jobcentre was one of this group. In the autumn of 2016 'full service' was rolled out to another group of Jobcentres including Craven. By the end of 2016, 30 Jobcentres were 'full service' including both Jobcentres in the CACHD area.

In the live service areas any claims that might be complex and involve additional elements such as the limited capability for work element are kept within the legacy system, so only straightforward claims will be signposted to UC. In 'full service' areas any new claim is a claim to UC, so more complex claims are included.

## The significance of the UC rollout for people in Craven and Harrogate districts

As of 13 July 2017, 4,269 households in the Harrogate and Knaresborough and the Skipton and Ripon constituencies - the area covered by our office - were on UC. By 2022 it is predicted that 15,000 households will be claiming UC.<sup>3</sup> In other words, in our area **almost 30% of those likely to be receiving UC by 2022 are already on it**. This proportion is likely to grow very quickly.

In similar constituencies where UC is still only open to claims from single unemployed people, a much smaller proportion are receiving it and they are likely

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<sup>2</sup> The benefits it replaces are: Income Support, Jobseekers Allowance [JSA] (income based), Tax Credits, Housing Benefit, and Employment & Support Allowance [ESA] (income based).

<sup>3</sup> Citizens Advice analysis of the Family Resources Survey (FRS) 2014-15 and DWP administrative data for 2015.

to have simpler claims. How UC is working now is clearly vital for our area. DWP call the approach of rolling out slowly and fixing problems as they arise 'Test and Learn'. This is a sensible approach but it is important that those affected are supported and protected.

## Transitional protection

Transitional protection is a device traditionally used by DWP to ensure that when benefits change and people are moved onto a new benefit they don't see their income go down. If they have a lower entitlement under the new benefit, their benefit entitlement remains the same cash amount but isn't increased with inflation so gradually decreases in value until their new benefit entitlement has risen to the same amount. Anyone who is migrated to UC by DWP will have transitional protection and therefore won't be a 'cash loser'. Anyone who **initiates** a claim for UC before managed migration, however, will be paid only their entitlement under UC regardless of whether that is a higher or lower amount than they were entitled to on legacy benefits.

Once someone has claimed UC, all their legacy benefits stop and can't be reclaimed. Those who have a significantly lower entitlement in UC than in legacy benefits could lose many thousands of pounds over the next few years if they lose transitional protection by initiating a claim for UC before managed migration.<sup>4</sup>

This transitional period before managed migration will be longer in our area than those who are in later stages of roll out. Therefore, the risk of losing transitional protection is significantly higher.

## Methodology

80 of our UC clients completed survey forms used in the subsequent National Citizen Advice report *Delivering on Universal Credit*. That report looks at the overall progress of UC and gives recommendations for the future of UC. In particular, it emphasises the need to slow down the rollout while problems are fixed. In this

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<sup>4</sup> An estimated 3.2 million will see lower benefit entitlements (average loss of £1,800 a year) while 2.2 million will see higher benefit entitlements (average gain of £1,400 a year). IFS Green Budget 2016 <https://www.ifs.org.uk/uploads/gb/gb2016/gb2016ch10.pdf>

Craven and Harrogate report we analyse in more detail the stories behind our survey forms and other evidence from case studies to examine the implications for people living in our area of being at the forefront of the rollout.

This is not a quantitative large-sample report, many of the problems faced by our surveyed clients arose because of the way that UC is currently structured and administered; examining *systemic* problems does not require a large sample.

We analysed the individual stories from the 80 surveys completed in our office between September 2016 and August 2017. Clients who were seeking advice about UC and where time was available in the interview, were asked if they would complete a survey form. Their survey forms, together with case notes when the clients had given permission, were examined and the main issues raised were collated. Where particular issues were raised we contacted a sample of clients who had faced that problem and interviewed them in more depth about the history of their claim, how and why it had gone wrong and the impact on them.

## Key Issues

### The six week wait for payment

There are both structural and administrative problems. The most prominent structural problem is the payment of UC monthly in arrears. DWP explain this policy on the basis of mirroring monthly payment of wages. Many low paid workers, however, are paid weekly, and in a 2015 survey of Citizens Advice UC clients<sup>5</sup> in early rollout areas the proportion was even lower – only four in ten had previously been paid monthly. For those previously paid weekly they have one week's money to last 6 weeks. If they have previously been claiming benefit and their next payment was due they may have no income at all.

Advance Payments (APs), though essential for many, do not solve these problems. An Advance Payment is paid at a maximum of half the monthly entitlement: it only covers very basic living costs for the month, not rent. A sudden drop in income when someone leaves employment has always been a potential trigger for financial problems but the way UC is currently structured makes that much worse. During the six week wait short-term debts often build up. Elements are often missing when the first few payments are made, but APs start to be recovered - normally over 6 months, any old tax credit overpayments also start to be recovered making it very

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<sup>5</sup>[Waiting for Credit - a report by 16 bureaux in early rollout areas](#)

difficult to pay off other short term debts. As a result short-term debt is often turned into more persistent and far-reaching financial difficulties – a downward spiral that it is very difficult to escape from.

A lot of our clients face financial difficulty as a result of this five or six week wait for their first payment, with over half of the people Citizens Advice has helped who receive UC borrowing money whilst waiting for their first payment<sup>6</sup>. When other problems with the system then arise they are that much more difficult to deal with. At this early stage of the benefit we are seeing greater levels of debt and rent arrears for those claiming UC. This was reflected in the national report that found just over half (51%) of clients claiming UC had rent arrears compared to just over a quarter (28%) of those claiming legacy benefits.<sup>7</sup>

## **Problems at each stage of the process**

Any large scale system will have mistakes and errors, but the scale of the errors, the difficulty, and time taken in putting them right and the hardship they create for our clients is on a different scale to anything we have previously seen in the benefits system. The closest analogy is the rollout of the tax credit system in 2003, but at least that didn't incorporate all people's means tested benefits and leave them with no income. There was at that time also a safety net in place with crisis loans – which has now been removed. It is, as we have said, leading to loss of income, debt and higher costs – claimants in these areas are bearing the cost of the test and learn whilst problems are sorted out.

During this transitional period, people are facing problems at each stage of the process. Inaccurate or inadvertently misleading information and advice by officials signposting people to UC is causing some people to lose hundreds, and in some cases thousands, of pounds.

Almost a quarter (23%) of new 'full service' UC claims are not paid on time and/or not paid in full<sup>8</sup>. Many of these receive only partial payments for several months. In addition to these issues, many other people have to manage for more than 6 weeks with no or very little money. This group would be counted as having been paid on time but if their ex employer delays paying their final wages until after their Assessment Period starts they may have to live on their final wages for up to 10 weeks. Similarly if they are transferring from legacy benefits it may have been

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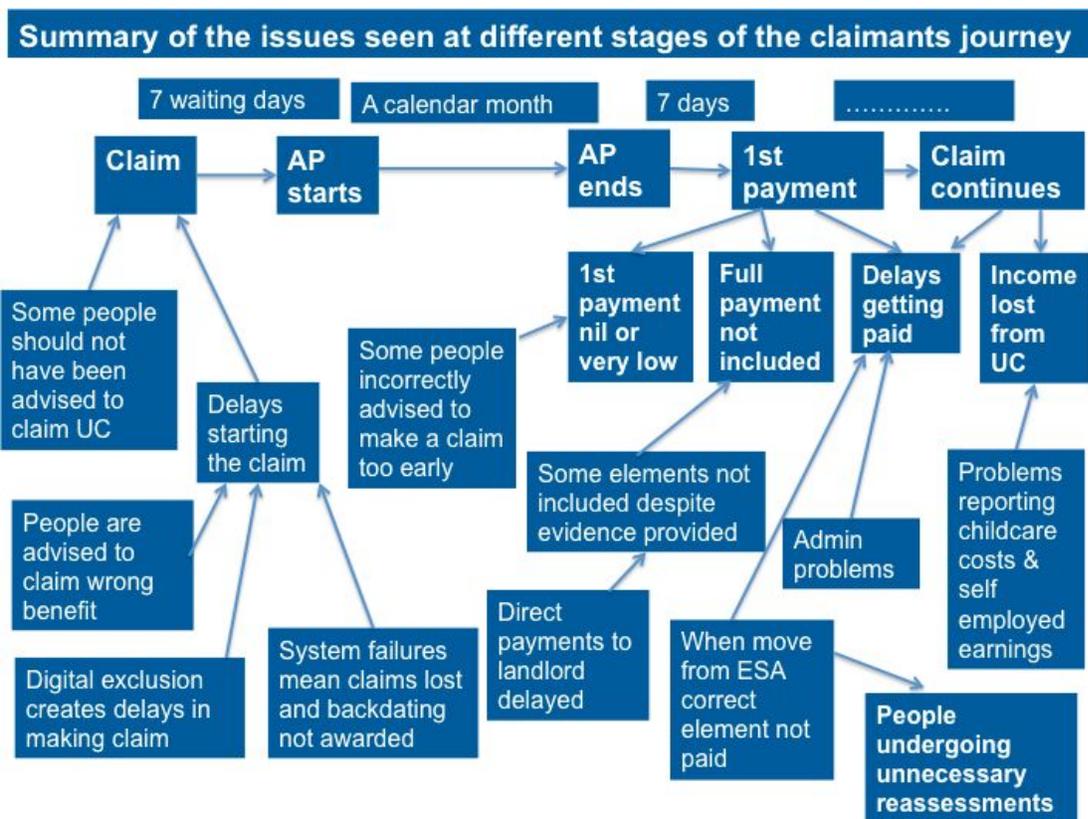
<sup>6</sup> Citizens Advice, 'Delivering on Universal Credit', July 2017

<sup>7</sup> Citizens Advice, *Delivering on Universal Credit*, July 2017

<sup>8</sup> <https://www.gov.uk/government/news/universal-credit-payments-and-labour-market-reports-published>

several weeks since they received their last payment of some benefits but once a claim for UC is made no further payments will be made so they may face the 6 week wait with very little money.

Many of our clients have ongoing problems with UC - one of the key differences between UC and the legacy benefits (with the possible exception of tax credits) is how difficult it is to put right mistakes once made. The complex reporting requirements for those with childcare costs or who are self employed means some face difficulties with the ongoing claim on a regular basis.



We present the main problem issues in four groups:

1. **Incorrect or inadvertently misleading official information and advice**
2. **Problems with initial payments**
3. **Problems with the ongoing claim**
4. **The loss of transitional protection**

## 1. Incorrect or inadvertently misleading official information and advice

### a) Some people should not have been advised to claim UC

We are seeing people who didn't have a changes of circumstances that required a UC claim, but who are told they need to claim UC or who are given information that suggests they will be better off on UC. As a result in some cases they find they have lost large amounts of income, but are unable to reclaim legacy benefits.



Mrs J is a widow with one child, she works part-time. She had been receiving widowed parent's allowance, Working Tax Credit (WTC) and Child Tax Credit (CTC). Her employer reduced her hours temporarily to below 16 hours a week and that meant her WTC stopped. Someone suggested she claim Housing Benefit (HB).

When she went to the HB offices, however, she was told that she wasn't able to claim HB but should claim UC instead. She was very shocked to discover that, as soon as she claimed UC, her CTC stopped and the amount she received from UC, even though it included help with her rent, was less than the amount of CTC she had been receiving. Moreover, now her hours have increased again she would have been entitled to WTC as well as CTC. **Her income under the legacy benefits would have been £40 a week or £2000 a year more than she is receiving on UC.**



Mr S was entitled to ESA including the Severe Disability Premium, and Housing Benefit. He had been offered a property nearby but wanted to check that it wouldn't affect his benefits if he moved. He rang both the Local Authority and Jobcentre Plus to double check and both assured him that, although he would have to claim UC, the amount of his benefits would not be affected, so he went ahead with the move.

He was horrified to find that this was incorrect. Under UC there is no equivalent of the Severe Disability Premium so he is about £40 a week or over £2,000 a year worse off. Because of the loss of transitional protection in future years **he has probably in total lost more than £12,000.** He felt that he may not have made the move had he been made aware of the drop in income that he would face.

At this stage in the rollout, inadvertently misleading or incorrect advice about claiming UC is a fairly widespread problem. We have seen many clients who have been encouraged to claim UC when they don't need to and it is not in their interest to do so. Others have been told incorrectly that they don't have a choice by officials at the jobcentre, DWP helplines, the Tax Credit helpline, Housing Benefit staff, and other statutory agencies.

## b) Complex situations are likely to lead to poor advice

**Disabled people claiming the SDP and living in a 'full service' will risk losing thousands of pounds if they move into work.** The following client also lost the SDP as a result of being incorrectly advised. She was wrongly told by the ESA helpline that under the linking rules for ESA, if she tried work<sup>9</sup> but found it was too much she could return to her original benefits as long as she reclaimed within 12 weeks. Disabled people receiving the SDP and living in a 'full service' area, however, can't reclaim ESA with the SDP so if they are unable to continue to work they will lose between £40 and £60 a week.



Ms B is a single parent with a little boy aged 2. For a number of years, she has been assessed as 'severely disabled' by the DWP and received the appropriate benefits. She wanted to try to move into work but knew there was a strong chance she wouldn't be able to sustain it. She found a job but before starting work she contacted the DWP helpline to tell them she was planning to start work and check that if she found she had to stop work because of her health condition she would be able to return to her former benefits. In that call she was incorrectly advised that she could reclaim her benefits at any time within 12 weeks of her ESA stopping if she was unable to continue in work. In a subsequent call, when she had to stop working, she was given further incorrect information.

As a result of those two calls she has lost those benefits and had to claim UC. **Her entitlement under UC, even though she is in the Limited Capability for Work Related Activity group, is over £40 a week (£2000 a year) lower than on the legacy benefits.** Because of further administrative errors, she spent more than five months on just the basic level of UC, a drop in income of £115 a week or £500 a month, compared to the level she would have been receiving on ESA.

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<sup>9</sup> of more than the part-time hours and income allowed to retain ESA

Once managed migration happens someone in this position will receive transitional protection which will remain even if they try work. This means that this group of disabled people are unable to try work for the entire period until managed migration, without risking an ongoing loss of at least £2,000 a year.

When we rang the ESA helpline on her behalf to follow up the complaint, the helpline adviser we spoke to, at first told us the information our client had been given by the helpline about the linking rules was correct. It was only when we explained why it was not correct for some claimants that she understood the problem. Front line officials from statutory agencies must be given appropriate training.

### **c) Advice to claim UC on failure of a WCA**

**Those who fail an ESA work capability assessment and wish to appeal are consistently told to claim UC, without any consideration of their circumstances.** In some cases this may be in the claimant's best interests but in many cases this will not be so. Someone who hopes that on appeal they will get into the support group of ESA and who has a partner in work may be better off on UC. Conversely, someone entitled to the severe disability premium in the current system or someone who has a contributory pension in addition to contribution based ESA is likely to be worse off under UC.

This advice may well be made with the best of intentions. In order to appeal a decision someone must first ask for a mandatory reconsideration of the decision. If they don't accept the result of the mandatory reconsideration they can then appeal and are normally entitled to receive the basic rate of ESA whilst waiting for the appeal to be heard. While waiting for the mandatory reconsideration result – likely to take about 6 weeks - they don't have an income to cover their living costs, so it may appear to be helpful to advise them to apply for UC. If they apply for UC, however, all their other benefits such as HB and CTC will stop and they will receive no means tested benefit (apart from Council Tax Reduction) for over 5 weeks. But if they don't apply for UC they can continue to receive HB and CTC whilst waiting for the reconsideration decision and once they appeal they can receive the basic rate of ESA again, backdated to when their ESA stopped. Unless someone is likely to be better off on UC than ESA, the routine advice to claim UC is very misleading.

## d) Some people incorrectly advised to claim UC too early

The basic structure of UC is simple but hides a level of complexity for the claimant and those advising them. Under legacy benefits the simple rule of claiming a benefit as soon as you need it is clear. Under UC, however, some claimants risk losing hundreds of pounds and being without income for 2 months if they claim UC a few days too early. If income is still due, for example from a previous employer, then it involves a potentially complex better-off calculation to determine when the claim should be made.

DWP have made clear that the underlying theory of the 6 week wait is that someone receives their final monthly payment from work and lives off that for the next 6 weeks until they receive their first UC payment. Frequently, however, employers don't pay final wages the day someone leaves work. If someone makes a claim and their employer doesn't pay their final earnings until after their assessment period starts, then they will get nothing or very little when their first payment of UC is due – **they will have to wait another calendar month - that is about 10 weeks in total - for their first full payment.** Claimants in this position repeatedly tell us that no one in the statutory agencies has explained this – leaving them feeling very angry that they unexpectedly and unnecessarily face a second month with no or virtually no money. We have seen no-one who has been given this information by an official from a statutory agency.



Mr B went into the jobcentre to find out what he should do because his employer had just told him that his job was ending. He was told to apply for UC. He was then told he would receive his first payment in 6 weeks. He was horrified when he received the first payment to find it was only a few pounds. When he rang the UC helpline he was told that this was because his final wages had been paid to him shortly after the start of his Assessment Period (AP). He had lived on his final wages for the last month as expected, so was very angry to find he now had virtually nothing to see him through the next month. He couldn't understand why he hadn't been warned by JCPlus to wait a few days to apply for UC until his final wages were paid.



Ms J also lost several hundred pounds because she had been advised to claim UC too soon. Her Statutory Sick Pay had ended but she was also due to be paid her remaining sick and holiday pay from the company she had worked for. As a result of making a claim as advised, she found to her dismay she was not entitled to any UC at the end of her first Assessment Period (AP) as her remaining payments from her previous employer had been made at the beginning of the AP. She had lived off those payments during the month wait for her first AP to end, only to find she wasn't going to get any money from UC until another month had passed. Her claim for UC (even though she was paid nothing) also meant her 4 week run-on of working tax credit was stopped.

The following words of one client describes how, as well as not being told about the impact of late payments by his employer, he was also incorrectly told that he couldn't claim ESA on the basis of his contributions.

"I have found the experience of claiming UC very stressful. When my SSP stopped I wanted to claim ESA on the basis of my contributions but was told I had to claim UC. I was also not told that I would be much better off if I delayed my claim for UC because of some payments by my employer."

Being disadvantaged by two separate bits of incorrect or inaccurate information and so **losing out in two separate ways is unfortunately far from uncommon and is an indicator of the level of misinformation about this benefit.**

## **e) Delays caused by being advised to claim the wrong benefit**

### **Claiming contribution based benefits**

Inaccurate and confusing information around claiming contribution-based benefits in a 'full service' area is systemic. Benefits based on contributions and not means tested are of course available, but in 'full service' areas are called 'new style' ESA or JSA. The gov.uk website is now much clearer but claimants are still being given incorrect advice from officials on how to apply, frequently being referred backwards and forwards between various helplines.

The official route to make a claim for contribution-based benefits in a 'full service' area is to ring the UC helpline, but anyone who wasn't sure what to do would be

very confused by doing so. None of the options you have to listen to, to decide which button to press, mention claiming contribution based benefits.

"I am aware now that I am not entitled to UC as my savings are too high - I have repeatedly tried to claim ESA contribution based. My SSP stopped a couple of months ago but I have been sent round in circles by the UC and ESA helplines each pushing me to the other. I have stopped work because of a brain tumour and now get easily confused - the support received from DWP has been appalling for someone in my position."

"My partner tried to claim JSA and was told he had to claim UC He then tried to claim UC and was told he had to claim JSA. At that point we gave up and lived on our savings but 5 months later our savings had gone and so we claimed UC and this time our claim was accepted but we haven't been able to get our claim backdated"



Mr T came to us because claiming new style ESA in a full service area had sent him round in numerous circles. He had been repeatedly told that he needed to claim UC when he wanted just to claim ESA on the basis of his contributions. Had he succeeded in making a claim, he would have been refused as he is too old to claim UC. We told him he didn't need to claim UC but did need to ring the UC helpline in order to claim new style ESA. We were unable to get through to the helpline during the interview but explained his options of either claiming new style ESA or Pension Credit. We later heard from the client that after further attempts to claim new style ESA he had given up and had decided just to apply for Pension Credit.

## **f) Other problems caused by incorrect advice to those on UC**

Clients have reported difficulty receiving accurate answers from JCPlus helplines to many other queries around UC such as its impact on passported benefits.

"I care for my girlfriend who lives 75 miles away. She receives PIP. I was told (by the helpline) that if I claim Carer's Allowance the amount awarded would be deducted from my UC so I won't actually get any additional money to help." (Client was deterred from claiming CA until we contacted him. Although the CA would be deducted from UC, the carer's element would be added to maximum amount so he would in fact be £152 a month better off)

"I came from Poland to live here 6.5 years ago. I now have a baby of 7 months. The jobcentre told me I didn't have to work as my baby is under a year but now my UC has stopped. JCPlus don't understand and can't tell me how many hours I have to work to reclaim successfully."

"When I rang the helpline about getting help with prescriptions etc they didn't know the rules - that you are able to get them for free"

## **2. Problems with initial payments**

Any large scale system will have mistakes and errors, but the scale of the errors, the difficulty, the time taken in putting them right and the hardship they create for our clients is on a different scale to anything we have previously seen in the benefits system.

It is, as we have said, leading to loss of income, debt and higher costs – claimants in these areas are bearing the cost of the test and learn whilst problems are sorted out.

### **a) Delays in first payment**

It appeared to be the intention of UC policy makers that any claim delayed or lost because of a system failure would lead to the claim being backdated. Nevertheless, we have not seen a single example of this happening. We have seen however a number of cases - of which the following comments from clients are a sample - where there has been a system failure but no backdating.

"I applied and then had to apply again several weeks later because something went wrong first time - means struggle financially and stress levels go up. Think the application process is very hard ..... Having to get through on telephone line, having to get through other companies for security. Think very hard system. Costing me a fortune to get to jobcentre. Very impersonal- no support as an individual - very shambolic system"

"I applied on my home computer on ..... Two weeks later I hadn't heard anything so called UC helpline who said the claim was not registered. They made an appointment at Harrogate jobcentre who found the original claim and helped me complete it but the start date was ..... so I lost 4 weeks benefit. I am now in the process of mandatory reconsideration to get .....(original start date] accepted."

"I applied for UC in July and was told that I would get a number to access my account - I waited several weeks and then got an appointment at jobcentre - I thought this

would be about this. However it was about a New Enterprise Allowance, and I found that (during my application for UC) the system had crashed and so I had to reclaim. I have been refused backdating. Now I have seen my award and it is wrong as they have given me full housing costs - I want to apply for a DHP (Discretionary Housing Payment) but can't because I am getting full housing costs - I am worried when they put this right I will have to pay back the extra that could have been covered by a DHP. They also have not taken into account my wages - when I told them they said it will come off next month instead but they wouldn't tell me how much I need to put aside to cover that"

## **b) Partial first payments**

### **i) Problems with verification**

A very common problem is that after claimants have waited 6 weeks for the first payment and are frequently therefore in a very difficult financial situation they then find that their first payment of UC doesn't include all the elements they should be entitled to receive. Our Local Authority tells us that the payment of the housing element when payment direct to the landlord is requested is frequently delayed and is causing arrears to accumulate. They reported in February 2017 that only 7% of tenants were claiming UC but over 40% of arrears owed to the council were attributable to tenants claiming UC.<sup>10</sup> It is not only the housing element that is often missed from the first payment. We repeatedly hear about claimants having to provide the same evidence to verify their claim multiple times.

"I have had my first payment but it was under £100. There is no payment for my child even though I took the birth certificate to my first appointment at the jobcentre and there are no outstanding to dos in my journal."

"Though I have provided comprehensive information and copies of relevant documents they are not presented to relevant decision makers, causing huge delays, costs(!!!) and stress"

"I was meant to get paid last week - it didn't come - they said when I rang it would be paid in 48 hours - it wasn't. The JCPlus said they wouldn't pay until the Housing Association verifies my housing costs, but they have already done this"

### **ii) Systemic problem with putting correct disability elements in place**

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<sup>10</sup> Written evidence to Work and Pensions Committee, February 2017

There is a particular issue for those transferring from ESA to UC. If someone is entitled to the WRAG or support component of ESA and they need to transfer to UC, the legislation and the guidance for decision makers is very clear<sup>11</sup>. They should be automatically entitled to the corresponding element of UC. The Limited Capability for Work element (LCW) is equivalent to the WRAG component and the Limited Capability for Work Related Activity (LCWRA) to the support component of ESA.

Even when the person retains entitlement to ESA contribution based ESA(CB), at first the amount they receive from this is taken in full from the basic award of UC negating in full their contribution based benefit. We are yet to see someone who has automatically received the corresponding element, instead they are usually being sent an assessment form (a UC50) to complete with full details of how their condition or impairment affects them in day to day life. When someone is assessed at the beginning of a claim, the medically qualified person who assesses them sets a review date for when a medical review may be necessary. The planned reassessment date is ignored when they claim UC, however, and they are routinely reassessed from scratch.

The following client moved into our area to be nearer to friends and relatives as her serious health condition worsens. She had been in the support group of ESA and also received the severe disability premium and HB. When she moved into our area she had to claim UC. The amount she received for help with her living costs dropped from about £180 a week to just over £70 a week. As she had to move she lost any transitional protection so even though, many months later, her UC is correct she still has about £40 a week less than she previously received.

“UC has been the worst experience I have ever had to go through - it made me so ill. I can only say that applying for UC has made my life hell. It has taken 7 months to get it sorted out. I had to get help from Citizens Advice and my local MP to get the ball rolling. I was over £1000 in debt to the local council as a result, plus I had to use all my savings to live. I could never get through on the phone and when I did I spoke to someone in Kent, someone in Brighton from UC team and they couldn't help. Things are still not sorted out properly ..... Thanks CAB you have been fab”

“My first payment of UC did not include the LCWRA element. I had been on ESA and in the support group before claiming UC”

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<sup>11</sup> Decision Makers guidance Chapter M6: Effects of transition to UC – Digital service area See sections M6191 to M6195

### **c) New claims most likely to happen at time of crisis, leading to difficulties at a time claimants least able to cope**

Changes in circumstances are likely to happen at times of crisis, such as when couples separate or someone dies. This adds to the difficulty people face and the issues - such as not being entitled to passported benefits until UC has been awarded at the end of the first Assessment Period - don't appear to have been thought through.

The following client had to claim UC when her husband died because their HB was in his name. They both had long-term serious health conditions and both were in the support group of ESA.

“..... my HB stopped as soon as my husband died but I am still waiting for my UC to be paid. I also can't claim help with the costs of my husband's funeral until I am awarded UC. Having to cope with having no money and going into rent arrears at such a difficult and distressing time has been incredibly difficult.”

## **3. Problems with the ongoing claim**

### **a) Clients frequently experience more than one error**

Unfortunately, and an indication that the administrative problems and decision making errors we are seeing are not a few isolated problems, we frequently see clients who have experienced numerous unrelated mistakes on an ongoing basis, inaccurate information, delays etc.

The following client's case is described in detail to expose how the accumulation of poor administration and decision making over a long period of time affects people.



Mr J has a severe and enduring mental health condition and is on antipsychotic medication.. He was in the support group of ESA and in receipt of Disability Living Allowance. His wife is his carer and their two adult non-dependent sons live with them. Their experience demonstrates how widespread the problems are for anyone with a complex claim:

- **Incorrect information by a Local Authority official** They had a temporary change to their household that would not have affected their benefit - when they reported this to HB they were incorrectly told they would need to claim UC
- **Incorrect decision** When their first payment was made, non-dependent deductions were incorrectly made for their sons from their housing costs.
- **Failure to put right an incorrect decision** At our suggestion he queried this in his journal, pointing out that he was receiving the middle rate of the care component of DLA, but the deductions continued to be made in following payments. It was only when we wrote quoting the legislation that this error was corrected.
- **Failure to include LCWRA element and the carers element** He also didn't receive the LCWRA or carers element in his payments even though he was transferred from the support group and his wife receives CA. As UC was also taking repayments for their advance payment they had had during the 6 week wait, their income drop was enormous.
- **They have had different payments every month.** If they report or query anything it results in a delay in their next payment.
- **Evidence lost by DWP** When they applied for UC they sent in the proof of their tenancy. DWP lost this so it needed to be resubmitted.
- **Seven months to put in place full direct payments to landlord** Six months after they first applied for UC the Housing Association told them that they had still only received one payment from DWP. Possession hearings were commenced resulting in a Suspended Possession Order and a £360 increase in their debt because of the court costs.
- **Ongoing incorrect payments to landlord** after one correct payment the payments to the landlord have reverted to the incorrect amount.

## Impact on Mr J and his family

### **He said**

"Despite being on benefits for many years, because of my health condition I have managed to not get into debt and to pay my bills on time - since being on UC I have been unable to pay bills on time and am in serious rent arrears. We have had to visit a food bank for the first time ever."

### **The landlord confirms they were not in rent arrears before they claimed UC**

His mental health has deteriorated and he has now had to go onto further medication.

### **His Community Psychiatric Nurse commenting on all the problems he has faced with UC, wrote about his mental health condition including episodes of psychosis**

".....are of a severe and enduring nature with associated risk to self and others.....My overall concern is that .....is regularly being subjected to financial hardship which is placing intolerable strain on his mental health. As a Community Psychiatric Nurse I am unable to mitigate against the risk posed by other agencies. I believe the benefits agency and individuals that work within the service have a duty of care to clients as I do in my capacity as a registered nurse.

## **b) Support is not in place to assist claimants with maintaining their claims**

Whilst many clients welcome the way their journal works and find it much easier to interact with the system digitally, others have great difficulty. Whilst some thought has gone into assisting with initial applications, the support isn't in place for this group on an ongoing basis.



Mr W has arthritis, cardiac and alcohol problems. After being attacked in the street, he has become very fearful of going out . He has no computer or smartphone, no internet access and has difficulty reading. He is totally reliant on a friend who is working but still comes twice a week to see him and assist him with picking up any messages in his journal and entering in any information.

We don't believe that this can be a longterm solution for this claimant.

Claimants are left to understand the system and if they don't understand they lose money.

“I got paid my first payment in October but then no payment arrived in November and when I rang I was told my claim had been stopped because I was on HB - I was told that I needed to reclaim. I have tried to contact them online and got no response - I was left with no money, no electricity and very little food - I have now had no money for 2 months. I have now just been told I will be paid tomorrow one month's UC - they told me I am not eligible for anything for last month because I told them incorrectly I had no housing costs.”

The way the question about housing costs on the UC application form was originally phrased led a number of claimants who were used to having their rent paid direct to their landlord incorrectly answering this question. We are pleased that as a result of feedback this question has been rephrased but it is unfair that claimants in early rollout areas are still paying off arrears of rent caused because they were confused by the question and so lost their housing costs being paid.

### **c) When clients are underpaid because of a DWP error any arrears owing is taken out of the amount owed**

Any overpayment or loan owed by the client can only be taken out of their UC payment at a set amount each month. If someone is not paid the correct amount for a couple of months, however, any advance payments, tax credit overpayments etc owed by the client are taken from the arrears owing to the client.



Ms G had been in the support group of ESA. When she claimed UC she was on the basic rate for over five months before she was awarded the LCWRA element (the equivalent in UC of the support component in ESA). Managing on this much lower income had pushed her into financial difficulties that she had hoped to get on top of once she received her backdated element. She was very distressed to find all the backdated element was taken to pay off an old tax credit debt that she could have paid off gradually. If her UC had been paid when it should have been paid then there is a maximum percentage that can be taken to pay off debts.

If someone is not paid their correct entitlement they are very likely to be struggling financially and need that money to get back on an even keel. Taking all that is owed to cover some long-term debts further increases costs and financial difficulties.

## d) The system is not yet ready for some groups

The ongoing requirements placed on claimants with childcare costs and self employed claimants, (like the benefit journey for disabled people claiming the SDP who want to move into work - described in section 1b) do not appear to have been thought through in sufficient detail.

### i) Claimants with childcare costs

Under tax credits, claimants are used to being able to claim childcare costs before they need to pay their provider. **Under 'full service' UC, however, childcare costs are paid in arrears.** This causes difficulty in finding the initial payment needed and despite DWP's answer that the Flexible Support Fund (FSF) will assist with this, we haven't seen anyone who has been helped in this way. The client described below was really struggling to find the money upfront as she was already struggling with the gap in income moving onto UC . She was not offered help from the FSF when she explained the problem to her job coach.

Claimants are also used to having a standard amount of time to report changes, income and costs. **Under 'full service' UC, claimants must report their childcare costs within the assessment period in which they paid them.** That means that some may only have one or two days to report their childcare costs each month or lose 85% of their total childcare costs for that month from their UC – potentially an amount over £1000 – an unsustainable loss for someone on a low income. The reporting requirements are further complicated because they are different in the 'full service' and 'live service'.

On top of this complexity, claimants who need to pay for childcare are also at present being told to take the receipts for their childcare costs to the jobcentre each month. They can't post them (as they are likely to get lost) and it is not possible to upload them at this stage (because DWP have not yet developed the facility to upload). For claimants who may be on their own, working full time and are responsible for children, this is a totally unreasonable procedure.

The following client is doing everything that might be expected of her. She is a single parent with a long term health condition. Despite having a young child she is working 25 hours a week. Yet far from supporting her, the requirements put on her by UC in order to claim childcare costs are making it extremely difficult.



Ms S is a single parent with a long term health condition. She has one child. She works 25 hours a week. She had to claim UC when she moved. The 6 week gap in entitlement at the beginning of the claim meant she had to use all her savings and to borrow money so she ended in debt from that period. She then discovered her childcare costs would be paid in arrears causing further problems as previously tax credits had paid her childcare costs in advance. When she asked how she would be able to manage and keep her job, it was suggested that she in effect get a loan from her employer each month. She was uncomfortable at doing this but her employer did agree. This meant, however, that she pays her childcare on the last day of her assessment period (so that the loan is for as short a time as possible) and then pays it back a few days later when her UC is paid. She was horrified to discover that the payment then didn't come in her UC payment at the end of the month pushing her further into debt. When she asked why, she was told that she hadn't provided the receipts – she hadn't known this was necessary. She provided the receipts and the money eventually got paid but only after a considerable time and argument.

Each month she has to ensure that she reports her childcare costs on the last day of her assessment period. If she misses she will lose from her UC payment 85% of her total childcare costs for that month. After reporting her childcare costs she is then asked each month to take the receipts to the jobcentre – the other side of town to where she lives. Her health condition means she struggles to manage work and looking after a child. She often is so exhausted by work it is impossible to go out – she has to wait for a day when she feels able to make the trip. She should make an appointment first but can't afford the cost on her Pay as you Go phone to wait to get through on her phone, so makes the trip to the jobcentre in the hope that it won't be too busy and someone will be free to accept her receipt.

The reporting requirements for UC claimants with childcare costs are more stringent than for the new Tax Free childcare scheme (which provides support with childcare costs for people with a level of income too high to claim UC). This is despite the fact that those with 3 or 4 children claiming from that scheme could be receiving more money from the state than a parent receiving UC.

## ii) **Self employed claimants**

Self employed claimants are another group that faces great complexity. The following client was trying to increase her part-time earnings by doing some self-employed work but the strain of coping with the UC system for self employed people was too great and she had to give up the self employment.



Ms A is a single parent of a teenage child. She lost her job and so claimed UC. She found part time employment but has been trying to increase her earnings with self-employment. Her experience of claiming UC is illustrative of many of the common issues which have operated together to compound her problems:

**Problems reporting self-employed earnings,** These have so far been negligible but still had to be reported. She learned through online advice (Money Advice Service website) that this could be done online within a 3 week window. After increasingly desperate requests for assistance with this **she was incorrectly told** that this could only be done **by phone through the service centre on the last day of the assessment period,** which closes at 6pm. She comments on her journal: "I was working on that day... I had 50 mins to declare my zero earnings. but they didn't answer the phone". She also found difficulty in finding out the categories of expenses which have to be reported and comments "The woman at the end of the phone was unable to tell me what categories she needed."

**Cost of ringing call centre:** Ms A has continually found the long waits to speak to someone at the call centre, often with the phone cut off / hung up on before successful conclusion. This has cost her more than she could afford. 7 weeks after her initial claim, she had no money and commented "I could follow it up again but at 9p a minute and a typical response time for someone to answer is 55 minutes plus the call itself that's looking like costing about £5 every time to ask if they are doing what they are supposed to do."

**She not only had to cope with the problems of self employment but as so many of our clients find, faced several other problems**

**Delay in correcting mistakes:** Ms A was awarded £0 benefit for one assessment period because payments from two periods were incorrectly allocated to one. She was given suggestions about employers not reporting correctly but was able herself to prove there was no problem with the reporting. She provided further evidence of pay slips and two weeks later was told a mistake had been made and the case was being escalated to a decision maker. It was a further 6 weeks including referral to her MP before the decision was issued.

**The next payment did not include the outstanding payment,** but did deduct a further amount for an overpayment which appears to be incorrect and is the subject of a further reconsideration request.

**Because of the difficulties she has decided to give up being self-employed.**

**For self employed people whose income fluctuates there is additional complexity.** To ensure the self-employment is genuine, DWP have set a minimum amount the client is expected to earn each month (known as the Minimum Income Floor MIF) - even if they don't earn that amount their UC will be reduced by the same amount as it would have been if they had earned that. If their income isn't regular each month then this means they could lose a lot of UC. If they receive more income one month and none the next month, they will still be treated as if they have earned the minimum amount the month when they have no income - it won't be averaged. Requiring self-employed claimants to keep monthly accounts and to report their income and expenses each month is difficult enough; for them to need to try and stagger their income to fit their APs adds yet another layer of complexity.

**In theory the system is fully digital but there are several things it is unable to do at present. The claimants are carrying the cost of these workarounds:**

- There is no way of booking appointments online so every new claimant needs to ring the helpline to make an appointment at the jobcentre putting a lot of pressure on the helpline, creating longer waiting times, and costing claimants more money on 'pay as you go' phones.
- It is not possible for claimants to upload documents into their journal. This causes additional reporting problems as seen above for two groups who already face complex and onerous reporting requirements - claimants with childcare costs and self employed claimants.

#### **4. Claimants in this area more likely to be 'cash losers' than those in other parts of the country who will rollout to 'full service' at a later point**

Not all the clients we see have lost money because of incorrect advice or administrative problems. Some people need to claim UC because they have a change in circumstances. Clearly, changing systems will lead to both winners and losers. There are some groups, however, who lose very significantly and we would argue unfairly such as those who are entitled to the **Severe Disability Premium (SDP)** in the legacy benefits.



Ms B moved to a local authority property in our area from another county for health reasons so that she could have more support from her family.

**She was in receipt of contributory ESA in the support group plus ESA income related with the SDP**, and in addition housing benefit.

**She contacted ESA prior to the move** and was assured that her benefits would be sorted out following her move. When she moved, she was told by the local authority [LA] that she should apply for UC and did this with her sister's help. She asked for UC to pay her rent direct to the LA.

**The client contacted us four months later as she was not being paid UC at the correct amount** and her rent account was seriously in arrears. She had struggled to get an answer but was eventually **given the incorrect information that she couldn't be paid the LCWRA element until she had been assessed.**

Our client had contacted her MP and complained to the DWP and the payment was subsequently made, though **she is £40 a week worse off because there is no equivalent of the SDP in UC.**

**The problems didn't end there.** Our client was required to complete a UC50 ( a detailed reassessment form). She has been contacted to arrange an appointment for a further assessment by a medically qualified assessor, even though she has already been assessed for her contributory ESA and was placed in the support group. She is not due a further ESA assessment for a couple of years and has also been assessed for and is in receipt of Personal Independence Payment at the enhanced rate for living costs and mobility. Despite the request for the direct payment of her rent the account showed arrears and our client was sent a letter threatening eviction.

### **Impact on the client**

Our client's move to the 'full service' area meant that she had to claim UC instead of her legacy benefits. As a result of there being no equivalent of the severe disability premium in UC she is about £40 per week worse off. Had she not moved and subsequently been migrated to UC she would not have suffered the cash loss. Because of her ill-health and disabilities, she will never be able to improve her financial situation.

Our client's situation was exacerbated by her struggle to obtain information on the phone and via her UC journal and this affected her health. Our client reports that while she was waiting for her UC payment to be sorted, she relied on her family. She prioritised her household bills and spent little on food. **She said that her UC problems and supposed rent arrears were 'the first thing she thought about in the morning and the last thing at night'. This stress and worry added to the clinical depression associated with her medical condition.**

Citizens Advice campaigned when UC was introduced for an equivalent of the Severe Disability Premium in UC – see ‘Holes in the Safety Net’<sup>12</sup>. At that time ministers and DWP repeatedly promised that those already receiving the SDP would not be ‘cash losers’.

People on legacy benefits in full service areas can be ‘cash losers’, however, where they have a change of circumstances that requires a claim for UC and the end of their legacy benefit[s] such as a move to a different area - perhaps to be closer to friends and relatives.. The transitional period before managed migration will be longer in our area than those who are in later stages of roll out. Therefore, the risk of losing transitional protection is significantly higher.

## **Discussion**

### **Claimants in this area are bearing the cost of ‘test and learn’**

A new benefit is bound to take time to bed in and for people to understand, but claimants shouldn't be left bearing the consequences of mistakes by the statutory authorities and poor policies that may subsequently change. Throughout this report there are examples of the way our clients are bearing the consequences of this while lessons are learned. There is an impact on their finances, the security of their homes, their mental and physical health

“She said that she was paying back £25 pm in rent arrears, £40 in water arrears and £100pm for electricity, which included current payments and arrears. She was only in this situation because of the 6 week waiting time for UC payments and felt very ashamed that she was in debt. She has been to the Salvation Army food bank because she cannot manage on what is left. She was very tearful and said that she did not think she could cope with all the stress much longer.”

“There was a delay in my first payment I had to keep ringing to get it into payment”

“Very confusing - not at all clear - feels like a lot of potholes. Negative - a lot of it is about what I need to do without any understanding of limits or how it affects me - it

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<sup>12</sup>[https://www.citizensadvice.org.uk/Global/Migrated\\_Documents/corporate/holes-in-the-safety-net-final-copy.pdf](https://www.citizensadvice.org.uk/Global/Migrated_Documents/corporate/holes-in-the-safety-net-final-copy.pdf)

makes me feel disregarded - like I shouldn't be claiming. The job coach kept saying it is taxpayers money and saying other things that made me feel unimportant"

"Shocking/Joke! Put me in extreme financial difficulty and health implications"

"..... has left me in arrears and in debt"

".....(the extra time) waiting has caused me great worry and hardship - I had no money at all for food or fuel, my arrears of rent are getting higher."

"I applied for UC in October but my landlord still says they haven't received any money and are threatening me with court proceedings to evict me."

"I applied and then had to apply again several weeks later because something went wrong first time - means struggle financially and stress levels go up. ....Having to get through on telephone line, having to get through other companies for security. Think very hard system. Costing me a fortune to get to jobcentre. Very impersonal- no support as an individual - very shambolic system"

## **We have already seen clients affected by problems that people in other areas of the country now won't face because of this feedback from us**

In 'full service' areas contribution based benefits still exist but have been renamed as 'new style' ESA and JSA. When 'full service' first rolled out the information from JCPlus about these and how to claim them was completely hidden. There was nothing on Gov.uk and the helplines consistently gave inaccurate or incorrect information. Claimants were told that in order to claim a contributory benefit that is not means tested they needed to claim UC – a means tested benefit. We saw a number of people who had been unable to claim a benefit to which they were entitled. During the autumn of 2016 we repeatedly complained that the method of claiming these benefits was actually illegal as some people not eligible to receive a means tested benefit have paid appropriate contributions and have a right to a contribution based benefit when they are not able to work.

**We were very pleased that this got changed and it is now no longer necessary to claim UC in order to claim contributory benefits, but numerous people in our area must have lost entitlement during this period.**

As explained earlier, however, despite this improvement, the process for claiming 'new style' ESA or JSA is still very badly signposted and there remain many other problems as outlined in this report.

## The helpline

One issue that has created very justifiable anger for claimants is the cost and time spent ringing the helpline. Our evidence demonstrated that many clients were having to spend (and often borrow) considerable sums of money to ring the helpline ask why there was a delay to their benefit.<sup>13</sup> It was manifestly unfair that clients were having to pay to put right mistakes by DWP. We are delighted that the Government has announced that calls to the helpline will become free but clearly people in this area have already spent significant sums of money ringing the helpline.

We hope our feedback on the other problems raised in this report will contribute to the resolution of at least some of them but claimants in our area should not be bearing the cost whilst waiting for these issues to be corrected.

## Impact on our clients

Evidence in this report from our clients clearly illustrates that their experiences of UC can have a profound impact on their financial situation and their well-being. This is more likely for claimants in the 'full service' area, where more complex circumstances arise, challenging the 'test and learn' process. **While the DWP is learning, our clients are suffering.**

Incorrect or misleading information and advice, poor administration, an incomplete system and lack of support can result in clients losing significant income over a prolonged period, in some cases forever. There is loss of control over household finances, which can take months or years to recover. UC claimants in this position are more likely to experience debt, some for the first time. Our examples show that they may seek support from food banks and/or rely on family and friends. Problems with the payment of housing costs in UC lead to rent arrears, court costs and threats of eviction. Our clients in this situation are demoralised and stressed.

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<sup>13</sup> See the Citizens Advice national survey - see [Delivering on Universal Credit](#). Our office took part in this representative survey of Citizens Advice clients claiming UC in 'full service' areas. The numbers from our own clients were roughly in line with the national figures.

Some have not eaten properly. Their experience exacerbates their health problems, especially if they have mental ill health.

## Impact on our organisation

Recent decades have witnessed fundamental changes to the benefits system in the UK. Citizens Advice, nationally and locally, has always been in the forefront of organisations offering high quality advice and support to those affected, and we are a trusted leader in influencing policies and procedures.

Citizens Advice Craven and Harrogate Districts has responded to these changes over the years to deliver the advice needed and to use the experience of our clients to help improve regulations and systems. Our team agrees that it has never before faced as difficult a challenge as the roll out of UC since the move to 'full service'. As has been outlined above, the 'test and learn' process relies on the feedback of individuals and organisations as well as the DWP internal learning. It is worth noting here that our advisers are mainly volunteers, albeit well trained and competent and with appropriate supervision and support.

**Accurate advice:** This report illustrates the complexity of UC and the risks that applying for it at all or applying at the wrong time can have a devastating impact on people. There is immense pressure on our team to ensure that our advice is accurate and complete. If someone claims UC their legacy benefits immediately stop and can't be reclaimed.

**Resources:** The inherent potential complexity means that it typically requires more time to advise. There is a learning curve for our advisers to adapt to the new IT environment in which UC operates. Our training schedule is now dominated by UC, at the expense of all the other advice areas we still cover. UC issues also often need a higher level of input from supervisors and follow up for quality assurance. There is no 'escalation' number for UC administration to help resolve problems quickly, so advisers often need to call the UC helpline, with its long delays.

One element of the advice process is 'assisted information' – where we signpost a client to relevant sources, including the Citizens Advice public site, so that they can get the information and guidance needed to deal with their enquiry. The complexity of UC means that we can rarely do this and typically arrange a face-to-face meeting with an adviser. In particular when someone came to us because they had just become unemployed or too ill to work, it was very

straightforward to signpost them in the direction of JSA or ESA. Now it has become much more complex. The following describes the sort of process we are now having to go through instead with these clients.



Mr B has become too ill to work and his SSP was coming to an end. He came to us for advice about what benefits he should claim. In the past we could have 'signposted'<sup>14</sup> him to ESA, HB and CTB. We can no longer signpost people in these situations to benefits agencies as full advice is always needed. We checked whether he had had his final wages and found that he was due to get his final wages from his ex-employer in just under three weeks time. After a calculation of what he would be entitled to if he claimed UC now and what he would be entitled to if he claimed just new style ESA on the basis of his contributions now and then claimed UC at a later point we advised him that he should claim new style ESA immediately and also worked out the date he should claim UC taking into account the waiting days he will serve. He is of course losing money compared to someone who gets their final pay as soon as they finish work but if he had claimed UC straight away he would have lost an additional £500 and have had no income for nine weeks after being paid the wages owed.

## Conclusion

Universal Credit has two main aims: to create a simpler and more flexible benefits system and to make it easier to enter work and see that work will pay. Aims that few could disagree with.

### A simpler system

***"It will cut through the complexity of the existing benefit system to make it easier for people to get the help they need, when they need it."***<sup>15</sup>

Being in an early rollout 'full service' area is proving far from simple.

**Whatever the complexity of the legacy system in terms of having to claim more than one benefit a key feature was that with very few exceptions, if someone was identified as being eligible for a benefit then they should claim it as soon as possible. Under UC this is no longer true.** Some people who didn't need to claim UC will lose many thousands of pounds (taking into account their

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<sup>14</sup> 'Signpost': to give clients basic information about appropriate service providers to contact themselves

<sup>15</sup> Iain Duncan Smith, Secretary of State for Work and Pensions. ([Introduction to the White Paper](#))

income over the next decade) because they are told to claim UC now rather than waiting to be migrated and then getting transitional protection. Others do need to make a claim for UC but should delay their claim to avoid losing several hundred pounds. If income is still due from, for example, a previous employer then it involves a very complex better off calculation to determine when the claim should be made.

**The superficially simple way the Assessment Periods work also creates complexity** by creating a very variable time limit to report changes of circumstances and childcare costs. It also creates complexity for self employed clients who will be forced into trying to get their income stream to fit regularly into the APs. This level of complexity automatically means that, as we have already seen, people lose money

**There are some administrative issues that are adding to the complexity.**

Claimants are often sent round in circles at the beginning of their claim, losing money because of the delays caused but rarely getting backdating. There is a great deal of misleading information given out particularly about claiming contribution based benefits. The online 'verify' system is very hard to use, verification of housing costs and children at the jobcentre frequently has to be repeated – sometimes several times and as a result the first payment of UC is often only partial. A particular issue of partial payment is those who transfer from ESA to UC. If they are receiving the WRAG or support component in ESA they should receive the equivalent element in UC. This is not happening

These problems are compounded by the difficulty and time taken contacting decision makers in UC with no direct phone lines and implicit consent not available.

## **Making work pay**

**The Government repeatedly claim "...work is the best route out of poverty."<sup>16</sup>**

**Yet, particularly during the transition phase, there is a strong disincentive for some groups to try to enter work.**

In the legacy system those who don't have to look for work because they are receiving ESA in the WRAG or support group are encouraged to try work through the linking rules. These rules mean that if they try work but find they can't manage due to their health condition or their impairment and reclaim ESA in less than 12 weeks they can return to their original level of ESA. In UC 'full service' areas, however, if they now try work they won't be able to reclaim income based ESA. If they are unable to continue in work they will have to claim UC

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<sup>16</sup> Teresa May, *ITV Peston on Sunday*, 30th April 2017

and go through the assessment process again losing 3 months of the component. If they have been entitled to the SDP in their ESA they will of course lose a great deal more as we have already seen.

The onerous requirements for those with childcare costs and those who are self-employed make it needlessly difficult to comply with the rules whilst working.

### **Carrying the cost of these issues**

This report has been a snapshot of our year's experience talking to and advising UC claimants in a 'full service' area. It describes what they and we are living with on a daily basis. We plan to continue to monitor. Hopefully we will see things improve, administration will become smoother, knowledge of UC and its pitfalls will develop and hopefully also there will be some regulation changes so that UC can come nearer to achieving its aims. **In the meantime, however, claimants in this area are bearing the cost of 'test and learn' in financial terms but also in the impact on their health and wellbeing.**

**We have outlined in our recommendations at the beginning of this report a number of practical steps that need be taken during this transition period to ease the burden on early claimants.**

